

Schedule B
FINAL REVISED BAFO

SECTION I DEVELOPMENT PLAN

Term:

99 year ground lease (the “Lease”).

Development of the Coliseum Site:

Lighthouse shall develop definite and specific plans to redevelop the Coliseum Site and transform the Coliseum into one of the nation’s top venues consisting of 20,000 seats with state-of-the-art technology designed to serve as a premier destination for sports and entertainment events at no cost to the County. The arena will be part of a larger complex consisting of a world class sports complex which will boast four sheets of ice, basketball courts and fitness center.

Lighthouse’s concept includes the following:

- a. The Coliseum and related facilities (collectively, the “Coliseum Improvements”), including:
 - i. Premier arena for the New York Islanders, New York Dragons, NBA Teams, and special events consisting of 20,000 seats, with state-of-the-art technology designed to serve as a premier concert destination (the “Renovated Coliseum”);
 - ii. A world-class sports facility that will be open to the public which will include a regional hockey center with four sheets of ice to accommodate national tournaments (the “Athletic Center”);
 - iii. On-site structured parking which will service, and be adjacent to, the Coliseum, with a minimum of 6,200 parking spaces (“Structured Parking”);
 - iv. Outdoor public space adjacent to the entrance to the Coliseum (the “Coliseum Plaza”);
 - v. Public areas inside the Coliseum (the “Coliseum Concourse”);
 - vi. Event Space (as hereinafter defined); and
 - vii. Related infrastructure.

- b. Multiple residential components addressing the County's housing shortage at all levels of the market:
 - i. High-end residential that leverages services of a 5 star hotel;
 - ii. Housing, as determined in conjunction with the Town of Hempstead, including 20% Next Generation Housing, defined as housing priced for a family of four in Nassau County at 120% of the median household income, multiplied by 2.5. The County agrees to cooperate with Lighthouse, at Lighthouse's cost and expense, in any application by Lighthouse for housing subsidies from State, County or municipal agencies so as to ensure that such subsidies will be made available to Lighthouse; and
 - iii. Rental and for sale units.
- c. Class A offices to attract and retain large users in need of modern facilities:
 - i. Provides Nassau County with the development potential to form a foundation for new industry and attract and retain large office users in modern facilities.
- d. Sports Technology Center which would leverage the sports complex and develop a new industry on Long Island:
 - i. Leverage sports complex, home sports teams (e.g. Islanders and Dragons) and fan base to target tenants that focus on sports technology;
 - ii. Provide multi-tenant office space which complements other office uses in the area;
 - iii. Create new opportunities for local Colleges and Universities (i.e. Hofstra University, Adelphi University, Nassau Community College and New York Institute of Technology, Stony Brook University, SUNY Farmingdale and Suffolk Community College) to establish working relationships with the business community and create new curriculum in sports technology; and

- iv. Create new jobs in Sports Technology research and development.
- e. Lifestyle retail to support the development and surrounding properties:
 - i. Multiple entertainment, themed restaurant and other restaurant venues;
 - ii. Stores and shops that will be connected with and complementary to the surrounding properties;
 - iii. Not anticipated to be competitive with other destination retail in the surrounding area.
- f. Hotels and Event Space which would include upgrading the Marriott and adding Long Island's only five star hotel and world class spa. Both hotels would be tied into the Coliseum and related facilities to create a total of 250,000 square feet of meeting space and event space (collectively, the "Event Space").
- g. Significant green space and exceptional public spaces with a park larger than Bryant Park to allow for gatherings and outdoor events.
- h. Suitable memorial to honor the veterans of Nassau County.
- i. A minor league baseball ballpark (the "Ballpark") to be constructed at MAC Park or in another location reasonably acceptable to the County.
- j. Lead Sponsorship of a Long Island Sports Hall of Fame.
- k. Improvement of the Hempstead Plains.

Lighthouse shall permit the use of adjacent parking sites owned or controlled by Reckson or its affiliates by visitors of the Coliseum and the Ballpark, for commercially reasonable fees to be determined by Reckson; provided that, such use by visitors to the Coliseum and the Ballpark shall not materially and adversely affect the operation or value of the buildings adjoining such parking sites as currently used.

Lighthouse's concept will entail commercially reasonable and customary modifications to the existing real property rights which the Marriott Hotel has over the Coliseum Property to facilitate the overall development plan for the

Coliseum.

Design Concept and County's Review and Approval of Plans and Specifications:

- (1) Lighthouse acknowledges that the Project is intended to achieve the County Executive's vision for New Suburbia, including the redevelopment of the Coliseum Site into an attractive, vibrant, multiple use destination center that includes the renovation of the Coliseum building into a state-of-the-art, world-class sports and entertainment facility and to maximize the economic, recreational and lifestyle benefits for the residents of Nassau to County. To that end, Lighthouse presented the County with conceptual plans for the Coliseum Site attached hereto as Attachment 1. The County acknowledges that the conceptual plans in Attachment 1 are a representation of Lighthouse's overall concept and that detailed plans will be developed by Lighthouse at a later stage. In order to achieve the goals outlined above, Lighthouse agrees that the Lease shall contain certain development parameters for the Project (including, detailed specifications for the Coliseum Improvements) with respect to which the County shall have approval rights.
- (2) In addition to the approval rights mentioned above, once definite and specific plans have been developed and application to the Town of Hempstead has been made for consideration of and approval of such plans, the County shall have approval rights over the following aspects of the Project: connection to the Nassau County Sewer System, Health Department approvals and roadway approvals on County roads.
- (3) A Development Committee shall be created to meet regularly and advise on the ultimate development of the Coliseum Property. The County Executive's office and the County Legislature will have representation on the Development Committee.

Coliseum Renovation:

Lighthouse shall construct the Coliseum Improvements in accordance with detailed specifications to be agreed upon between Lighthouse and the County, to be set forth in the Lease. Lighthouse shall invest at least \$320 million on the total cost (including, but not limited to, commercially reasonable third party general contractor, architects and engineers fees relating to the Coliseum

Improvements, but expressly excluding all costs relating to the Event Space and related infrastructure (the “Excluded Components”) of constructing or renovating, as applicable, the Coliseum Improvements (other than the Excluded Components). The Lease shall include a mechanism acceptable to the County pursuant to which it will be established to the satisfaction of the County that the amount of \$320 million has been invested in the Coliseum Improvements (other than the Excluded Components) and that the Coliseum Improvements have been constructed in accordance with the detailed description contained in the Lease. Construction of the Coliseum Improvements shall begin immediately upon the commencement of the Lease, but in any event, not later than the 4th anniversary of the execution of the Lease. Construction shall be completed within 3 years after its commencement and shall be staged around the off season and certain scheduling changes. Lighthouse shall complete the Coliseum Improvements prior to the development of the remainder of the Coliseum Site. Notwithstanding the preceding sentence, the parties agree that the Project Documents shall include appropriate mechanisms to allow Lighthouse to commence construction on the remainder of the Coliseum Site in phases, prior to completion of the Coliseum Improvements, subject to compliance by Lighthouse with certain criteria, including achieving certain construction milestones with respect to the Coliseum Improvements and providing appropriate guaranties and security for Lighthouse’s construction obligations.

Prior to commencement of the Lease, Lighthouse will:

- (1) fully capitalize the Coliseum Improvements;
- (2) have the Coliseum Improvements out to bid;
- (3) engage a General Contractor and other building trades required to commence construction; and
- (4) have all other predevelopment work substantially completed, so that the construction of the Coliseum Improvements can commence immediately.

Please see Attachment 1 for a more detailed description of the Coliseum Renovation.

Sports Franchise:

Lighthouse shall cause the Islanders lease to be extended to not earlier than 2025. The Islanders' lease may not be amended in any manner which would (a) shorten the term thereof, (b) diminish or reduce the obligation of the Islanders to play their home games at the Coliseum, (c) result in a change in the Islander's name, (d) reduce any of the Islanders' monetary obligations thereunder, or (e) limit the right of Nassau County to enforce those provisions of such lease which the County will have the right to enforce. Additionally, Lighthouse agrees that, without the prior consent of the County, in the event that the Islanders terminate their lease after 2025, the principal use of the Coliseum during the term of the Lease shall be limited to sports and entertainment uses.

Coliseum Operations:

Lighthouse shall operate the Coliseum in a first class manner meeting the highest standards consistent with the premier arena it will become.

Minor League Baseball Stadium:

The County's obligation to go forward with the Project is expressly conditioned upon the construction and operation by Lighthouse or by a third party of the Ballpark at MAC Park or such other location reasonably acceptable to the County, for use by a minor league or an independent league baseball team. Lighthouse acknowledges the construction of the Ballpark might be the subject of a separate RFP process and commits to participate in such RFP process. Lighthouse acknowledges that the County shall not be obligated to select Lighthouse as the developer of the Ballpark; provided, however, that if another party is selected as the developer of the Ballpark and the requisite approvals are obtained, the construction of the Ballpark shall cease to be a condition to the Project. Lighthouse has entered into a Memorandum of Understanding with the Atlantic League of Professional Baseball Clubs ("ALPBC") to bring a minor league team to the Hub. The Omni building which is adjacent to MAC Park and owned by Reckson has sufficient parking to the adjacent MAC Park and the Ballpark on a shared parking basis. Reckson and/or its affiliates shall grant use of such parking facilities to users of the Ballpark for commercially reasonable fees to be determined by Reckson; provided that, such use by visitors to the Coliseum and the Ballpark shall not materially and adversely affect the operation or value of buildings adjoining such parking facilities as currently used.

Next Generation Housing:

Lighthouse has committed to provide 20% of its residential units on the Coliseum Site as Next Generation Housing. The County agrees to cooperate with Lighthouse, at Lighthouse's cost and expense, in any application by Lighthouse for housing subsidies from State, County or municipal agencies so as to ensure that such subsidies will be made available to Lighthouse.

Public Transportation:

Lighthouse's concept includes:

- (1) Exclusive rights of way and easements for public transportation and a clear designation as to where they connect within the 77 acres.
- (2) A specific plan for the integration of existing mass transit.
- (3) A phased proposal to immediately implement public transportation.

Lighthouse's concept includes a two part transportation plan consisting of:

- (1) Lighthouse Hub Bus-Trolley System which will be implemented upon execution of the Lease. It will be funded solely by Lighthouse and will service the Coliseum and existing facilities in the immediate vicinity of the Coliseum Property including Museum Row, the Marriott Hotel, the Omni and Reckson Plaza Office complexes as well as MAC Park, Hofstra University and Nassau Community College. Lighthouse Bus-Trolley System will feature attractive trolley cars.

Lighthouse will establish the "Lighthouse Hub Bus-Trolley System," upon the execution of the lease with Nassau County, to demonstrate its effectiveness. Lighthouse will create attractive Bus-Trolley Activity Stations which will be destination oriented nodes designed to encourage utilization of Lighthouse Hub Bus-Trolley System and the Overall Transportation Plan.

- (2) An Overall Transportation Plan which will tie the Hub Properties into existing public transportation including the LIRR. This will be accomplished in 2 phases:

- a. Phase I - An initial phase utilizing a public bus system which will service the LIRR, including an easement on the perimeter.

Upon commencement of the lease with Nassau County, Lighthouse will contribute \$1 million per year, for up to five years, toward the use of a bus system to connect the Coliseum Site to the public rail system. This will be Phase I of the Overall Transportation Plan and will cease once Lighthouse contributes \$25 million toward Phase II of the Overall Transportation Plan; and

- b. Phase II - A long term light rail or bus rapid transit system, including a Transverse Below Grade Easement (“TBGE”) for light rail or a bus rapid transit system to service the interior of the Coliseum Site.

Lighthouse will contribute \$25 million toward Phase II of the Overall Transportation Plan.

Additionally, Lighthouse will provide easements for and construct appropriate and attractive stations for each phase of the Transportation Plan. Lighthouse will also contribute \$25 million to lowering Hempstead Turnpike and Charles Lindbergh Boulevard or alternatively towards the construction of attractive pedestrian bridges, to transform the Coliseum and surrounding properties into a pedestrian oriented suburban center .

Approvals:

Lighthouse shall have a 4 year period of time, to be more specifically described in the Project Documents, to obtain all necessary permits and approvals (the “Option Period”). If Lighthouse fails to diligently and continuously pursue the obtaining of the necessary permits and approvals, the County may terminate the MOU and, if executed, the Lease. In the event Lighthouse fails to obtain necessary permits or approvals at the expiration of the Option Period, either party may terminate the MOU and, if executed, the Lease.

Insurance:

Lighthouse shall obtain property and casualty insurance on the Coliseum Improvements and other improvements and liability insurance on the entire

Coliseum Site in such amounts, issued by such companies, and providing such coverage as the County shall reasonably require. The insurance policies shall include a waiver of subrogation against the County. Casualty proceeds shall be used and made available for the rebuilding of the Coliseum Improvements.

Repairs:

Lighthouse shall be solely responsible for maintenance, repairs and restorations of the Coliseum Improvements, including upon casualty. If a building other than the Coliseum Improvements is affected, Lighthouse can elect not to rebuild the building or to construct different improvements in its place.

Assignment:

Lighthouse shall not assign its rights and obligations under the Lease prior to substantial completion of the Coliseum Improvements. Notwithstanding the preceding sentence, the parties agree that the Project Documents shall include appropriate mechanisms to allow Lighthouse to assign its rights and obligations under the Lease with respect to the remainder of the Coliseum Site in phases, prior to completion of the Coliseum Improvements, subject to compliance by Lighthouse with certain criteria, including achieving certain construction milestones with respect to the Coliseum Improvements and providing appropriate guaranties and security for Lighthouse's construction and maintenance obligations.

Post substantial completion, the Lease shall allow assignment by Lighthouse of its rights and obligations under the Lease, without the County's consent, subject to the assignee meeting certain criteria to be agreed upon by the parties. All other assignments shall require the County's consent.

Hub Community Facilities and Improvements

Lighthouse shall contribute \$5 million to Hub community facilities and improvements and be the lead sponsor of a newly constructed Long Island Sports Hall of Fame which will be located on Museum Row.

U.S. Green Building Certification:

Lighthouse shall use commercially reasonable efforts obtain a "Certified" ranking under the LEED rating system.

The entire Coliseum Site shall be planned, designed and constructed to achieve certification under the LEED-ND Rating System. Lighthouse shall apply for

such certification under the LEED-ND pilot program.

Public and Green Space:

Lighthouse's conceptual plan includes, as part of the Coliseum Plaza, a park larger than Bryant Park, which will serve as a "Town Square" where people can gather and outdoor events can be performed and enjoyed and also incorporates numerous other publicly accessible large open green spaces as well as a number of more "intimate" "pocket parks".

Lighthouse commits to direct a portion of the \$5 million contributed for Hub community facilities and improvements toward the betterment of the Hempstead Plains so as to increase public awareness and enjoyment of this preserve, to maintain it as part of the heritage of the area and incorporate the benefits of the preserve into the expanded Hub.

Antenna Rights:

The County shall have the right to use portions of the Coliseum Improvements for operation of telecommunications equipment, for public safety uses only, at no cost to the County.

County Use of Coliseum:

The County shall be entitled to use the Coliseum at no charge other than payment of actual expenses for up to 10 days per year.

**SMG Lease Buyout
/ Condemnation:**

Lighthouse agrees to use diligent efforts to negotiate the acquisition of the SMG Lease. In the event Lighthouse notifies the County that it will be unable to obtain an assignment of the SMG Lease the County shall, after consultation with Lighthouse, take such steps as are mutually agreed upon by the County and Lighthouse, to condemn the SMG Lease by eminent domain. A condition to the County's obligation to commence the condemnation proceedings will be receipt of a guaranty from Charles Wang and Reckson Associates of payment of all amounts incurred by the County in connection therewith and an indemnity against any loss, liability, damage, claim, cost or expense in connection therewith.

If the SMG Lease is acquired, condemned or otherwise terminated, Lighthouse shall be responsible for all of SMG's obligations thereunder.

Zoning and SEQRA

It is anticipated that the Town of Hempstead will be the lead agency under the SEQRA process which will be undertaken once detailed plans for the Project are developed and Lighthouse submits an application for rezoning to the Town of Hempstead. Lighthouse will pay all application costs and permitting fees for the Project including any environmental review fees in making a determination of significance under the SEQRA process (i.e. a determination as to a positive or negative declaration). In the event that the project receives a positive declaration under SEQRA, Lighthouse will bear all costs for the preparation of a Draft Environmental Impact Statement and other reports and studies which will analyze the proposed project under SEQRA, as well as the other documents required to be prepared by Lighthouse as the applicant in connection with the land use process.

SECTION II FINANCIAL TERMS

Financial Benefits to the County:

Option Payments. Lighthouse shall pay “Option Payments” in the amount of \$1.5 million annually. Commencement of the payment by Lighthouse of the Option Payments shall be agreed upon by the parties in conjunction with the determination by the parties of the process to be employed in connection with obtaining the necessary approvals for the Project. The Option Payments will be applied against Rent due on and after the Rent Commencement Date. In the event that Lighthouse does not obtain the requisite approvals for the Project and elects to terminate in accordance with its proposal, the Option Payments will be forfeited by Lighthouse.

Base Rent and Rent Increases. “Fixed Annual Rent” will be \$1,500,000 for the first term year, and each year thereafter the product of (x) the Fixed Annual Rent for the immediately prior Lease Year multiplied by (y) an “Increase Factor”, defined as the sum of 100% plus the percentage increase in the CPI Index between the first day of the Lease Year with respect to which such calculation will be made over the first day of the immediately preceding Lease Year. Increase Factor in any Lease Year shall never be less than 102.5% nor greater than 103.5%. Payable in equal monthly installments on the first day of every month.

In addition to base rent and the increases summarized above, Lighthouse shall also pay Additional Rent. Lighthouse will also be required to pay all real estate taxes, assessments, water and sewer charges, vault rent or charges, governmental impositions and charges of every kind and nature whatsoever; provided, however, that the parties shall procure, with respect to the Coliseum Improvements, such exemptions from real estate taxes as are legally permissible and that the County shall co-operate with Lighthouse, at Lighthouse’s cost and expense, in connection with any application by Lighthouse for such exemptions.

Lighthouse shall be solely responsible to contract directly for utilities. To the extent that hot and chilled water, and steam, that the County obtains from Trigen

are made available to Lighthouse at commercially reasonable and market rates and are readily available, Lighthouse will seek to utilize such facilities in its operation of the project. Further, to the extent the County is required to purchase water under a lease agreement and Master Energy Agreement with Trigen, Lighthouse will reimburse the County for such expenses in connection with the Premises as set forth in the Trigen Agreement.

Contribution to Transportation. Lighthouse shall invest at least \$50 million dollars in implementing the transportation concept described above and shall contribute \$1 million per year, for up to five years, toward the use of a bus system to connect the Coliseum Site to the public rail system.

**Coliseum
Renovation:**

Lighthouse commits to constructing the Coliseum Improvements in accordance with detailed description to be set forth in the Lease. Lighthouse shall invest at least \$320 million on the total cost (including, but not limited to, commercially reasonable third party general contractor, architects and engineers fees relating to the Coliseum Improvements, but expressly excluding all costs relating to the Excluded Components) of constructing or renovating, as applicable, the Coliseum Improvements (other than the Excluded Components).

Financing Plan Completion Guaranty:

1. Proposed schedule:
 - (a) Predevelopment (including development of definite and specific plan for the redevelopment of the entire Coliseum Site and the submission of an official proposal to the Town of Hempstead for a rezoning or redevelopment of the Coliseum Site) 2006-7;
 - (b) Construction Commencement 2007-8;
 - (c) Occupancy (Phases) 2009-2014

Please see Exhibit C7 in Attachment 1 for a detailed construction timeline for the Coliseum.

Budget: Estimated total budget of \$1.5 billion.

2. Lighthouse has the capacity to finance the entire project by utilizing their respective conservative balance sheets. Reckson Associates Realty Corp. (NYSE:RA) is a \$5 billion investment grade rated, publicly held real estate

investment trust.

Charles Wang and Reckson Associates shall provide a guaranty of the lien-free completion of the Coliseum Improvements.

Please see Attachment 2 for the Structure of the Reckson/Lighthouse Joint Venture.

Costs and Expenses:

Lighthouse shall be responsible for customary and reasonable costs involved in connection with obtaining approvals and other customary and reasonable expenses.

Lighthouse shall also pay or reimburse the County, within thirty (30) days of demand from time to time, for reasonable costs and expenses relating to the Project incurred by the County, as follows: (a) 100% of the cost of all environmental analysis performed by the County, including, without limitation, SEQRA studies, whenever incurred; (b) 100% of the legal fees and third-party consultant fees incurred by the County, incurred after the effective date of the MOU, not to exceed \$300,000 in the aggregate, unless otherwise agreed; and (c) 100% of third party fees associated with the public approval process, including without limitation those arising from public hearings and notices, incurred after the effective date of the MOU.

Right of First Refusal:

The County must give notice to Lighthouse of any offer before it sells or conveys all or any portion of its interest in the Premises to any non - governmental entity based on a term sheet with the prospective buyer ("Sale Notice"). Such Sale Notice shall be deemed an offer to Lighthouse upon the same price, terms and conditions.

Purchase Option

Lighthouse shall have the right to purchase the Coliseum Site, excluding the Coliseum Improvements, for \$1.00 upon the expiration of the Lease. Lighthouse shall exercise such purchase option, by written notice to the County, not later than 2 years prior to the expiration of the term of the Lease.

The parties agree that the Project Documents shall include appropriate mechanisms to allow Lighthouse to purchase fee title to portions of the Coliseum Site (excluding the Coliseum Improvements) in phases, prior to

completion of the Coliseum Improvements, subject to compliance by Lighthouse with certain criteria, including achieving certain construction milestones with respect to the Coliseum Improvements and providing appropriate guaranties and security for Lighthouse's construction and maintenance obligations.

These signatures authenticate the response submitted herein and constitute acceptance of the County's process, requests and submission requirements to date regarding proposals for the redevelopment of the Coliseum Site.

LIGHTHOUSE DEVELOPMENT GROUP, LLC

By: _____
Name: Charles B. Wang
Title: _____
Date: _____

By: Reckson Operating Partnership, L.P.

By: _____
Name: Scott Rechler
Title: _____
Date: _____